



FINANCE

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Our business has a projected revenue stream for a 12-month period. Over the time we must manage our finances by predicting our outgoing finances and accounting for financial hits such as a recession. If we were to get no projects in, we could survive for 22 months with the money we have in our bank. We have sourced income from all 5 shareholders of the business. As a company we have taken out a £35,000 business loan from a bank. This is to be paid back over a 4 year period.

An economic recession may reduce the number of projects we receive. The total outgoings of the business are £196.5k/annum including owners' withdrawal. This means we need to bring in close to 200k per year in projects. The supply chain for products and services may also increase their prices in which we must compensate accordingly to maintain business.

Diversification in business is important to stay afloat. We could start by expanding our range of criteria that we cater for in order to target ourselves to a larger audience. YouTube could also be an extra source of income. 30x40 design workshop does

This well. <https://www.youtube.com/channel/UCoc2ZM2cYas4DijNdaEJXUA>

30x40 also sells products such as notepads on their website.

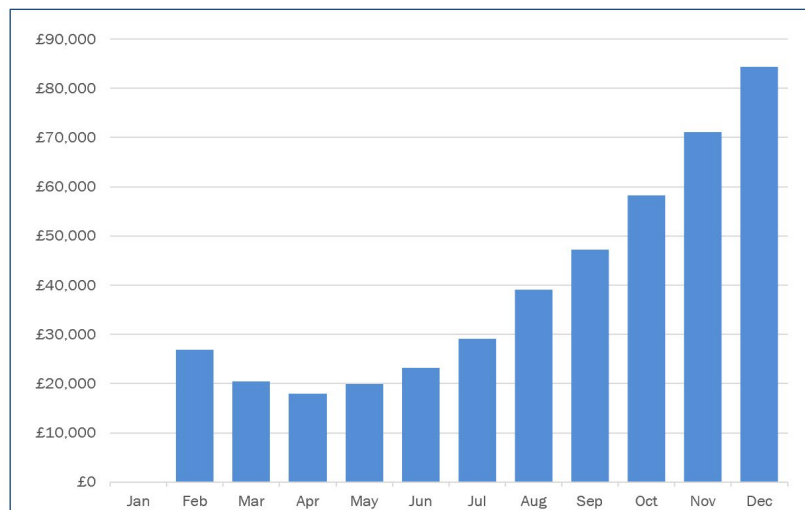
We can also work alongside other practices to gain connections in the industry and work with bigger projects that bring in a greater income. If they still align with our ethos.

We have also chosen to become a RIBA chartered practice. This costs £399/year. With being a chartered practice, we get listed on services such as "Find an Architect" and we can sue RIBA client referral so our business would get more exposure.

PP3

Cash Flow Chart with Future Fees

Month	Cash on Hand
January 2028	£0.00
February 2028	£26,885.00
March 2028	£20,485.00
April 2028	£17,982.50
May 2028	£19,887.50
June 2028	£23,193.00
July 2028	£29,141.65
August 2028	£39,133.67
September 2028	£47,254.10
October 2028	£58,276.27
November 2028	£71,115.19
December 2028	£84,400.49



Finance explanation.

Owner Contribution & Bank Loan

We have all put in an initial investment of £5000 equating to £25,000. A bank loan of £35,000 boosts that to £60,000. The prediction set out by the graph means that we will be able to hold up against our 1st years of business and have £80,000 in the account for the following year. This can be used to pay off a larger % of the loan or upgrade the business, more employees, larger office etc.

<https://www.fundingcircle.com/uk/small-business-loans-calculator/>

Advertising

Most business can be acquired through networking events which are free to attend. This means we can spend a minimal amount on advertising. This will however bump up our travel costs. The small amount dedicated to advertising will go towards social media, Twitter, Instagram and LinkedIn.

Travel

As we plan to attend a lot of networking events, for business, we expect to travel a lot. We also need to bear in mind travel costs to meet clients and site visits. A £250 budget allows for a £50 travel budget pp for a month.

Loan Interest

To start up our business we needed a big cash injection to get the ball rolling. The £35,000 loan taken out for 48 months means we pay back a small amount each month. In the event of a recession, we wouldn't have to worry about paying the loan back as it isn't a huge amount of our outgoings. The final amount to be paid back would be £40,455 at the end.

Materials & Supplies

The office need supplying with stationery and specialist architectural equipment. This requires a bigger initial fund and then becomes a steady monthly expense to get the supplies topped up.

Wages

We will manage our books by ourselves however we will still need an accountant to do our end of year accounts. Metrixa accountancies, based in Loughborough, can do our books at the end of the year for £1000 as long as our turnover is less than £200,000. We can also claim part of that cost back in tax deductions at the end of the year.

<https://www.metrixaaccountancy.co.uk/metrix-full-range-of-packages/limited-companies/>

Business rates

The business rates are kept low due to the small office size however being in the city increases them. We have a small office for now however as we grow in size we can upgrade in the future once the health of the company isn't as volatile.

Office Rent

We chose to rent an office space in the heart of Nottingham as it is a city we all know and love. The location also provides us with great access to the 2 surrounding universities where we can acquire new members of staff to join our business in the future. The city also has a strong network of public transport which fits into the ethos of our business.

<https://www.instantoffices.com/en/gb/available-office-space/nottingham/king-street-53934>

Phones

We will have a cheap company phone for clients to call us on. This benefit of a mobile phone over a landline as the ability to take it with us anywhere.

<https://www.carphonewarehouse.com/mobiles/pay-monthly-tariff.html#!/>

Repairs and Maintenance

Repair and maintenance costs are covered in the rent costs.

Cleaning

We get a cleaning service covered in the rent costs.

Sundries

A small fund of £50 a month will be used to keep the team happy with tea, coffee, milk, biscuits etc. We also plan to have a Christmas event and we have allocated an extra £400 to cover to cost of a meal for the team and close partners.

Initial Equipment Outlay

As a team we need a fair bit of technology to allow us to produce high quality work in a quick time frame. We all have our own laptops that we can use off site. 2 members have cameras which will be used for the company like the laptops. The money used for initial equipment outlays will go towards 3 high powered PC set ups within the office. The computers will be used for CAD and rendering. The systems will be setup in raid so the files are shared on a local drive that people can access on any system. A £100 monthly cost will be put towards failing components or upgrades.

Property Improvements

As we are renting our property we don't need to worry about improvements as this will be up to our landlord. If we want to upgrade in size, for example, we can investigate renting more space within the building.

Software Subscriptions

Our team is competent in using AutoDesk, Adobe and V-Ray. As these products also produce high quality results, we believe paying the extra price is worth it.

Utilities

This is covered in our rent cost.

Insurance

Public limited insurance – This insurance covers us against claims from the public to do with accidental damages to property or themselves. This would cover us in the event of a client visiting the office and tripping over, seriously injuring themselves.

Professional Indemnity Insurance – This covers us against a claim from a client who make take us up for things such as negligence, loss of documents/data, breach of contract and copyright and confidentiality. Run off insurance also covers us against this kind of stuff in a future case.

Employers' liability insurance – We will have to take this out by law once we hire someone however at the minute, we don't hire anyone.

Product Liability Insurance – This can apply to us as we may be liable for a design that has resulted in the injury of someone who uses design we created.

Owners Withdrawal

We have chosen to pay ourselves £26,000 on a salary. This is a comfortable salary to live off without breaking the bank. As the company expands, we can increase our own pay.

STRATEGIES AND TACTICS

STRATEGIES	TACTICS
Minimise initial start-up fees	Starting in a smaller office and upgrading as company expands.
	Using pre-owned equipment.
	Starting at a low basic wage before upgrading as more jobs come in.
Staying afloat	Weekly meetings about incoming jobs and how best to tackle them.
	Planning and distributing money that comes in.
Minimising reliance on external loans.	Each Architect is giving 5k and becoming a partner.